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The attached statistical tables
were furnished to supplement the oral
briefing given [REDACTED]

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Chief, Near East/Africa Branch
Developing Nations Division
Office of Economic Research

14 February 1974
(DATE)

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1 AUG 54 WHICH MAY BE USED. (47)

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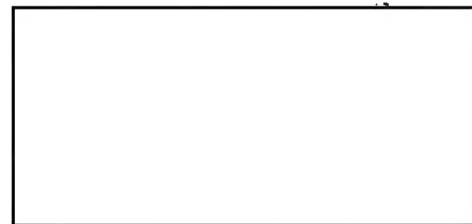
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Impact of Increased Oil Prices on the
Less Developed Countries

Statistical Tables

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World Primary Energy Consumption
1972

Percent, BTU Equivalent

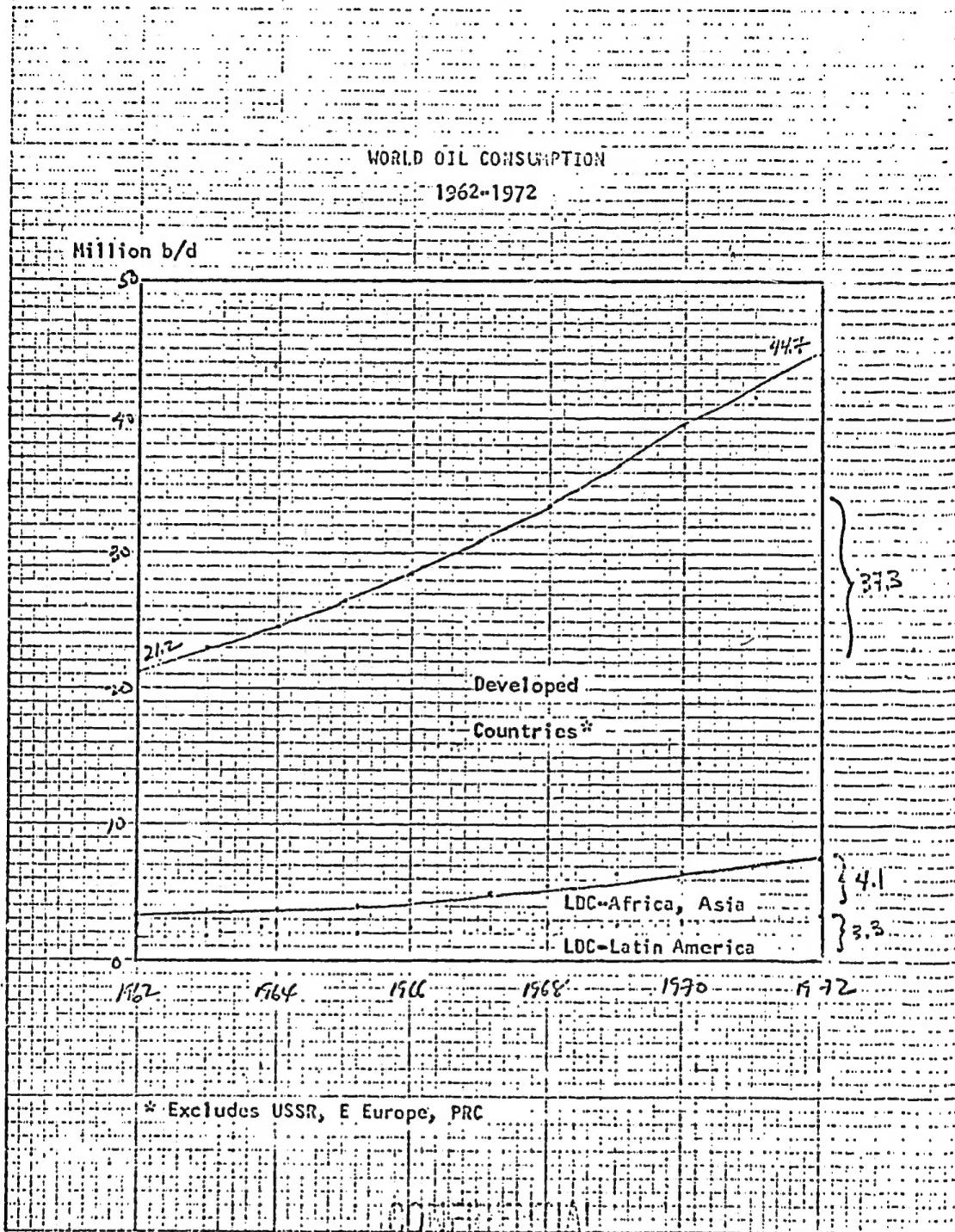
<u>Source of Energy</u>	<u>Developed Countries</u> a/	<u>LDC Latin America</u>	<u>LDC Africa, Asia</u>
Petroleum	55.1	74.0	57.7
Natural Gas	21.4	14.9	6.3
Solid Fuels	20.8	6.1	34.3
Water Power	2.3	5.0	1.6
Nuclear	.4	0	.1
Total	100.0	100.0	100.0

Utilization of Energy

Petroleum (100%)	83.3	7.3	9.4
Natural Gas (100%)	92.9	4.2	2.9
Solid Fuels (100%)	83.6	1.6	14.8
Water Power (100%)	82.1	11.8	6.1
Nuclear (100%)	97.6	0	2.4

a. Excluding USSR, EE, PRC

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~~CONFIDENTIAL~~The Structure of
Oil Price, 1 January 1974

	Persian Gulf Crude	Nigerian Crude	Libyan Crude	Venezuelan Crude
1. Posted Price a/	11.65	14.69	15.77	13.67
2. Production Cost	.10	.35	.30	.51
3. Government Revenue	7.01	8.73	9.49	8.59
Of which:				
Royalty (for most countries 12.5% of 1)	1.46	1.84	1.97	2.28
Profit Tax (for most countries 55% of (1-(2+Royalty))	5.55	6.88	7.52	6.31
4. Estimated Oil Company Profits	.50	.50	.50	.50
Estimated Sales Price f.o.b. (2+3+4)	7.61	9.58	10.29	9.60
Estimated Transport Cost to US Gulf Coast	1.48	.67	.65	.46
Estimated Sales Price c.i.f. US Gulf Coast	9.09	10.25	10.94	10.06

a. Differences in posted prices reflect differences in oil quality and transport costs.

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Less Developed Countries Trade Balance
(Exports FOB-Imports CIF)

(Billions US \$)

		<u>1971</u>	<u>1972</u>	<u>1973 a/</u>
Developed -	Exports	252.8	300.3	351.8
Countries	Imports	264.9	314.6	372.3
	Balance	-12.1	-14.3	-20.5
Less Developed -	Exports	60.9	72.1	82.4
Countries	Imports	64.1	71.4	78.6
	Balance	-3.2	.7	3.8
Less Developed -	Exports	39.9	48.3	57.0
Countries	Imports	51.2	56.3	60.6
	Balance	-11.3	-8.0	-3.6
(Excluding Oil - Exporting Countries)				

Percent Change from Preceeding Year

Developed -	Exports	11.8	18.8	17.1
Countries	Imports	11.2	18.8	18.3
Less Developed -	Exports	12.2	18.4	14.3
Countries	Imports	13.9	11.4	10.1
Less Developed -	Exports	4.7	21.1	18.0
Countries	Imports	19.1	10.0	7.6
(Excluding Oil Exporting Countries)				

a. First quarter, annual rate.

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Balance of Trade Projections, 1974

		(Billions US \$)	
	<u>1973</u>	Option A <u>1974</u>	Option B <u>1974</u>
<u>Imports</u>			
Petroleum a/	5.2	11.1	11.9
Petroleum-			
Derivatives b/	6.1	9.2	9.9
Other imports	<u>49.3</u>	<u>56.7</u>	<u>61.2</u>
Total Imports	60.6	77.0	83.0
Exports	57.0	68.9	72.1

a. Crude and products.

b. Fertilizers and chemicals.

The two options represent a possible range of aggregate imports and exports by oil-importing LDCs in 1974. The assumptions in each option are:

	Option A	Option B
Imports		
Petroleum	-15% price reduction - 5% demand reduction	-15% price reduction - 8% normal growth - 5% demand reduction
Petroleum Derivatives	-100% price increase - .25% supply reduction	-100% price increase - 8% normal growth - 25% supply reduction
Other Imports	- 15% price increase - 1973 level	- 15% price increase - 15% price increase - 8% normal growth
Exports	- 15% price increase - 5% growth	- 15% price increase - 10% growth

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LDC: 'Tolerable' Reduction in Oil Consumption

<u>Country</u>	<u>Non-Industrial Use of Energy</u>	<u>Oil Requirements % Energy Requirements</u>	<u>Possible Energy Savings</u>	<u>Percent Possible Oil Savings</u>
Peru	25	85	4.0	4.7
Singapore	40	95	5.2	5.5
Paraguay	50	84	6.0	7.1
Korea	30	56	4.4	7.9
Argentina	50	76	6.0	7.9
Chile	32	58	4.6	7.9
Taiwan	44	66	5.5	8.3
Mexico	45	63	5.8	9.2
Brazil	40	46	5.2	11.3
Philippines	80	60	8.8	14.7
Malaysia	65	45	8.4	18.6
South Vietnam	85	35	7.2	20.5
Thailand	80	30	7.6	25.3
Cambodia	85	25	7.2	28.8
Pakistan	88	30	9.4	31.3
Laos	85	20	7.2	36.0
(U.S.)	62	45	6.9	15.3
(Japan)	45	75	5.5	7.3
(OECD Europe)	55	62	6.4	10.3

Note: A 'tolerable' reduction in energy use is defined as a 2 percent energy reduction in the industrial sector and a 10 percent reduction in the non-industrial sector. Any further reduction is assumed to affect the productive apparatus of the economy. The 'tolerable' reduction is directly proportional to the share of non-industrial uses in total energy requirements and inversely proportional to the share of oil in total primary energy requirements.

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Price Increases in LDC

	Annual Percent Change in Consumer Prices					
	1965-70	1969	1970	1971	1972	1973
<u>Developed Countries 1/</u>	4.1	4.8	6.0	5.5	4.5	6.0 ^a
<u>Less Developed Countries 2/</u>	11.8	9.1	10.5	10.2	14.7	N/A
Africa	5.7	6.0	4.5	5.2	5.0	N/A
Asia	10.7	6.1	9.3	6.6	8.2	N/A
Middle East	3.0	3.4	4.0	6.2	7.2	N/A
Latin America	18.8	15.8	17.0	18.0	29.4	N/A

a. First half
 1. Weights are proportional to GNP.
 2. Weights are proportional to imports in 1968.

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Impact on Less Developed Countries

<u>Gainers</u>	<u>Survivors</u>	<u>Serious Problems</u>	<u>Severe Hardship</u>
<u>Latin America</u>	<u>Latin America</u>	<u>Latin America</u>	<u>Latin America</u>
Bolivia	Argentina	Costa Rica	Chile
Ecuador	Brazil	Dominican Republic	Uruguay
Venezuela	Colombia	El Salvador	<u>Asia</u>
Trinidad/Tobago	Guatemala	Guyana	Burma
	Mexico	Haiti	Cambodia
<u>Asia</u>	Nicaragua	Honduras	South Vietnam
	Panama	Jamaica	India
Indonesia	Paraguay		Laos
	Peru	<u>Asia</u>	Sri Lanka
<u>Africa</u>	<u>Asia</u>	Nepal	<u>Africa</u>
Angola		Korea	Botswana
Gabon	Malaysia	Philippines	Dahomey
Nigeria	Thailand	Pakistan	Malawi
<u>Middle East</u>	<u>Africa</u>	Singapore	Mauritania
Algeria	Congo	Taiwan	Mali
Bahrain	Zaire	Bangladesh	Rwanda
Iran	Zambia		Sierra Leone
Iraq		<u>Africa</u>	Sudan
Kuwait		Cameroon	Togo
Libya		Ethiopia	Upper Volta
Oman	Egypt	Ghana	
Qatar	Turkey	Guinea	
Saudi Arabia	Cyprus	Ivory Coast	
Syria	Israel	Kenya	
United Arab	Jordan	Liberia	
	Lebanon	Malagasy	
		Mozambique	
		Somalia	
		Tanzania	
		Uganda	
		Senegal	

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